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Poultry and Products

WTO rules against EU in salted poultry case

2005

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Report Highlights:

On May 30, 2005, the WTO panel issued its rulings against the EU in the complaints by Brazil and Thailand on the Customs Classification of Frozen Boneless Chicken Cuts" (DS269 and DS286). In 2002, the EC, in Regulation 1223/2002, stipulated that boneless chicken cuts, which were slightly salted, were still to be considered as fresh, chilled or frozen poultry meat under the customs code 0207 and not under customs code 0210. The EC issued this Regulation to close the loophole, under which Brazil and Thailand were exporting poultry cuts at the much lower customs tariff for heading 0210.

Includes PSD Changes: No
Includes Trade Matrix: No
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[E3]

On May 30, 2005, the WTO panel issued the reports on the complaints by Brazil and Thailand against "European Communities — Customs Classification of Frozen Boneless Chicken Cuts" (DS269 and DS286)¹. Brazil and Thailand filed their complaints after the European Commission (EC) issued [Regulation 1223/2002](#)² in 2002, and [Decision 2003/97/EC](#)³ in 2003. The EC adopted these pieces of legislation to prevent Brazil and Thailand from continuing to export salted poultry cuts to Europe under customs heading 0210, which only has a 15.4 percent at valorem tariff, instead of under customs heading 0207 for fresh, chilled and frozen poultry meat, which has a €102.4/100 kg tariff. In this legislation, the EC argued that this salted poultry meat had to be imported under the 0207 heading because it needs to remain frozen for conservation and therefore didn't fit the 0210 heading. Poultry imports from Brazil/Thailand had soared through this "loophole" from 3 thousand MT in 1996 to 400 thousand MT in 2001.

If the WTO Dispute Settlement Board (DSB) confirms the panel conclusions, which stipulate that the EU "acted inconsistently with requirements of the GATT 1994", it is expected that the EU will be forced to let poultry exports from Brazil and Thailand in again. The [Association of Poultry Processors and Poultry Trade in the EU countries](#) (AVEC) in a statement called upon the EC to fight this verdict by all means because their assessment is that, if the EC fails to do so, more than half a million of employees in the sector could be unemployed. Reportedly, not only the European poultry sector would be hard hit, but also the European wheat and corn producers as poultry production uses about 20 percent of the European wheat and corn production.

If Brazil and Thailand can export large quantities of poultry cuts to the EU under the customs heading 0210 again, this will significantly increase competition for potential future U.S. exporters of poultry to the EU.

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¹ http://www.wto.org/english/news_e/news05_e/panelreport_269_286_e.htm

² http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_179/l_17920020709en00080009.pdf

³ http://europa.eu.int/eur-lex/pri/en/oj/dat/2003/l_036/l_03620030212en00400043.pdf